

U. S. Department of Housing and Urban Development

Office of Public and Indian Housing

Special Attention of:
Public Housing Agencies;
Public Housing Directors

NOTICE PIH 2002-28 (HA)

Issued: December 24, 2002

Expires: Indefinite

Subject: Use of *e*LOCCS (electronic Line of Credit Control System) to Request Operating Subsidy Payments and Elimination of Form HUD-52721

1. PURPOSE: This Notice informs Public Housing Agencies (PHAs) that, effective December 30, 2002, HUD will require the use of *e*LOCCS to request the payment of operating subsidy funds. This new process will eliminate form HUD-52721, *Direct Disbursement Payment Schedule Data*.

2. BACKGROUND: Currently, the scheduling and payment of operating subsidy utilizes the paper form HUD-52721. The form is submitted to the field office as part of a PHA's operating budget and/or operating subsidy eligibility package. The field office must review the paper form, approve the predetermined payment schedule, and send it to the Fort Worth Accounting Center. Subsequent revisions to the original payment schedule follow these same procedures.

3. OVERVIEW: The Line of Credit Control System (LOCCS) is HUD's primary disbursement system. *e*LOCCS is the version of LOCCS that allows PHAs internet access to LOCCS for query and drawdown purposes.

A. Advantages to HUD and PHAs:

1. Conversion to *e*LOCCS will eliminate form HUD-52721, which was a predetermined payment schedule. With the exception of form HUD-52721, the other forms required in the operating subsidy eligibility package will remain unchanged.
2. PHAs will have flexibility in requesting funds for drawdown through *e*LOCCS.
3. The vast majority of PHAs already use *e*LOCCS to drawdown funds for the Capital Fund Program (CFP) and many other PIH program areas, and to gain query access to all PIH supported program areas.

B. Timeline for current/future payments:

1. Any payments scheduled for disbursement through December 31, 2002 will be picked up by the LOCCS system on December 27, 2002 and disbursed as scheduled.
2. Any payments currently scheduled for disbursement **after** December 31, 2002, will be moved into the undisbursed balance category in *eLOCCS* for PHAs to drawdown.
3. **As of December 30, 2002, all PHAs must use *eLOCCS* to drawdown funds for the PH Operating Subsidy Program utilizing the program area in LOCCS entitled Operating Fund Program (OFND).**

4. PROGRAM GUIDANCE:

A. Accessing *eLOCCS*: *eLOCCS* is only accessible to PHAs. PHAs can access *eLOCCS* through the Real Estate Assessment Center's (REAC) home page at <http://www.hud.gov/offices/reac/index.cfm>. Once at this site:

1. Click the *Online Systems* link on the left side menu bar.
2. Click the online systems LOG IN button.
3. Enter Secure Systems User ID and password.
4. Select the LOCCS link.

Field offices can monitor PHA activity through LOCCS.

B. Program Area: The LOCCS program area code for the Operating Fund Program is **OFND**. A67P, the previous code used for operating subsidies, is still a valid program area but will only contain historic data captured prior to the conversion to OFND.

C. Establishing the amount available for drawdown in LOCCS: The field office will approve form HUD-52723, *Operating Fund Calculation of Operating Subsidy*, and send it to the Fort Worth Accounting Center. The Fort Worth Accounting Center will enter the fund obligation amount from form HUD-52723 into the Program Accounting System (PAS). LOCCS will automatically retrieve this information from PAS.

D. Budget line items: OFND in eLOCCS has two budget line items (BLIs). These BLIs are specific to the OFND program and have unique four-digit numbers as follows:

1. **BLI 1000—Operating Subsidy.** The obligation amount from PAS will automatically populate this BLI. PHAs will only be able to drawdown funds from BLI 1000.
2. **BLI 2000—Retained Disbursement.** Field offices may move an amount from BLI 1000 to BLI 2000 if it is necessary for a portion of the obligation to be retained and applied by the Fort Worth Accounting Center to an amount owed HUD. A PHA will not see this BLI in eLOCCS unless the field office has moved money into it. PHAs **can not** drawdown funds from BLI 2000.

E. Threshold edits: PHAs may drawdown funds with whatever frequency desired, but not more than once per day. However, two threshold edits have been established to regulate the maximum drawdown amounts. **These two edits are:**

1. *Per month calculated threshold*
2. *Cumulative calculated threshold*

If the funds requested for a given month exceed **both** threshold edits, the request will be subject to field office review. The two threshold edits are calculated as follows:

1. ***Per month calculated threshold.*** This threshold is calculated by multiplying the subsidy amount by $1/(\text{\# of months in budget})$. Therefore, if the PHA has a 12-month budget, the threshold equals the subsidy amount multiplied by $1/12$; for a 15-month budget, the subsidy amount is multiplied by $1/15$; etc. If a PHA request for payment would cause the amount disbursed during a given month to exceed the *per month calculated threshold*, it will be subject to field office review if the second threshold is also exceeded.
2. ***Cumulative calculated threshold.*** This threshold is calculated by multiplying the *per month calculated threshold* (threshold edit 1) by the number of months into the budget period. (The number of months into the budget period is determined based on the date the disbursement will be made, as opposed to the date of the request.) Therefore, if a PHA is four months into a 15-month budget, the threshold equals the *per month calculated threshold* multiplied by four. If a PHA request for payment would cause the total amount disbursed during the PHA's budget year to exceed the *cumulative calculated threshold*, it will be subject to field office review.

If a PHA enters a request that requires review, eLOCCS will indicate this to the PHA when the request is submitted. The PHA must call and/or email the field office to alert them that a request is subject to review.

Example:

The PHA has a \$120,000 grant award and a 12-month budget.
Therefore, *per month calculated threshold* = $\$120,000 \times (1/12) = \$10,000$.
The PHA requests the following amounts:

Month 1: \$10,000	No review.
Month 2: \$8,000	No review.
Month 3: \$10,000	No review.
Month 4: \$12,000	No review. <ul style="list-style-type: none">• The \$12,000 request exceeds the <i>per month calculated threshold (\$10,000)</i>• The total disbursements to date (\$40,000 = $\\$10,000 + 8,000 + 10,000 + 12,000$) will not exceed the <i>cumulative calculated threshold (\$40,000 = $\\$10,000 \times 4$)</i>
Month 5: \$14,000	Field office review because request exceeds both edits. <ul style="list-style-type: none">• The \$14,000 request exceeds the <i>per month calculated threshold (\$10,000)</i>• The total disbursements to date (\$54,000 = $\\$10,000 + 8,000 + 10,000 + 12,000 + 14,000$) will exceed the <i>cumulative calculated threshold (\$50,000 = $\\$10,000 \times 5$)</i>
Month 6: \$10,000	No review. <ul style="list-style-type: none">• The \$10,000 request does not exceed the <i>per month calculated threshold (\$10,000)</i> so there is no need to consider the <i>cumulative calculated threshold</i>

F. Vouchers: Once a PHA has entered OFND in eLOCCS, it will select Payment Voucher Entry from the menu. A list of funds available for drawdown will appear by PAS Project Number (PPN). The PHA must select the PPN(s) corresponding to OFND, which will automatically bring up Voucher HUD-50080 that is used to request funds.

5. LOCCS SECURITY: PHA staff members who already have CFP access will automatically have OFND access with the same rights. PHA staff members who need access to eLOCCS must complete the following two components:

A. Form HUD-27054: Each staff person that will perform the query or drawdown function for the PHA must complete and submit form HUD-27054 requesting OFND access, which can be downloaded through the site at www.hudclips.org/sub_nonhud/html/forms.htm. The form must be notarized and sent to the local field office for review/verification. Field offices will then forward the forms to Headquarters.

1. **Password Reset:** If PHA staff members need to reset their passwords, they are required to complete HUD-27054 by checking block 4, *Reset Password for active users* under Section 1, *Type of Function*. A temporary password will be mailed back to the user to inform him/her of the reset password's value. The user will be required to change the password on the next access to LOCCS.

B. Secure Systems: The PHA must have trusted business partner access through Secure Systems, HUD's web-based security software. If the PHA is already a business partner using Secure Systems, staff members should contact the Secure Systems coordinator at the PHA for instructions on obtaining a user ID and/or the LOCCS role. If the PHA does not use Secure Systems, the site at http://www.hud.gov/reac/pdf/sys_secure.pdf will explain how to obtain trusted business partner access.

6. ADDITIONAL GUIDANCE:

A. Contacts: PHAs may contact the eLOCCS coach at the local field office or email questions to Funding_&_Financial_Management_Division@hud.gov.

B. "Getting Started Guide": For those not familiar with eLOCCS, a "Getting Started Guide" is available at www.hud.gov/offices/cfo/finsys.cfm.

/s/ William Russell for
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